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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000763

SIPDIS

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USPACOM FOR FPA

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SUBJECT: SPDC GETS SERIOUS ABOUT A NEW CAPITAL

Classified By: CDA a.i. Ron McMullen for Reasons 1.4 (B,D)

1. (C) Summary: Amidst a swirl of rumors, evidence is emerging that the SPDC truly plans to move at least some portion of the government 250 miles northward to Pyinmana. The GOB has not publicized the decision or the alleged order that will have several ministries on the move by July 1st. Similarly, the reasons for the apparent choice of Pyinmana are mysterious. However, we've no doubt that they are somehow tied in with Than Shwe's megalomania and single-minded pursuit of power for himself and his cronies. End summary.

Who and When?

2. (C) Rumors are rampant in Rangoon about SPDC earnestness in moving some or all of Burma's national administration to the rural town of Pyinmana -- in southern Mandalay Division, about 250 miles north of Rangoon. For months there has been speculation about this move, including wispy tales of massive communication and construction projects in the area -- much to the benefit of the SPDC leader's closest business associates. However, apparently the SPDC leadership finally approved the relocation of the first tranche of ministries beginning July 1st.

3. (C) Details are very hazy. However, according to a GOB source the first group of ministries being sent northward are: Information, Forestry, Agriculture and Irrigation, Posts and Telecom, and Defense. Other unverified information includes the Ministries of Energy, Livestock and Fisheries, and Industry (1) among this first group. Already the chosen ministries have started shipping equipment, files, and some personnel. The source told us that total relocation of these pioneers should be complete by the end of this year. Rumor has it that the entire military and civil apparatus will be in place in Pyinmana by the end of 2006. There is no definitive information on what will be expected of foreign embassies.

4. (C) Burmese exile press outlets report serious disenchantment among civil servants who will be expected to uproot family and homes and move to the custom-built capital. Pyinmana is not a large town and has none of the services or amenities that can be found in Rangoon. Currently there is no civilian airfield near Pyinmana and it is far from the sea (though the Rangoon-Mandalay rail line and a fine new road pass through it). Even worse, the planned location of the new ministries and military headquarters are not in Pyinmana itself, but 20 or 30 miles outside the town in the foothills of the Pegu Yoma.

Why?

5. (C) The GOB has not made public its order to the first ministries to move or even its intention to shift the capital from Rangoon. Thus, we can only speculate on the SPDC's apparent choice of Pyinmana. The town has not always been a backwater. During and after World War II, Pyinmana (as a central location in the Burman-dominated central portion of the country) was used as a military headquarters by the Japanese and Burmese army. For many years it was a hub of Communist anti-government activities. Today the area around Pyinmana has some large military installations, but the town itself is best known for the government agricultural research school located there.

6. (C) From a larger historical perspective, the move is not as arbitrary as it seems. It was customary for Burmese kings to shift their capital periodically for political, economic, or supernatural reasons. Though Rangoon has been Burma's capital city since colonial days, it has been administered by Burmese only since 1948. It is clear that SPDC Senior General Than Shwe increasingly views himself as the inheritor of the mantle passed down the centuries by Burma's great builder kings. Thus through monarchical glasses, a move to Pyinmana after nearly 60 years in Rangoon is a logical and consistent step to take.

7. (C) Another, related, school of thought is that the SPDC leader wants to build a second capital as part of a strategy to assert more direct control over the country. Currently

the nation is "ruled" by 12 regional commanders who report to distant Rangoon and who may or may not offer their primary allegiances to Than Shwe. With a northern capital at Pyinmana, and a southern commercial capital in Rangoon, the Senior General could appoint two politically reliable "super commanders" who would in turn oversee the regional commanders in their zone. (Note: one oft-heard rumor is that regime number three and Than Shwe apostle Gen. Thura Shwe Mann has already been posted to Pyinmana. End note.) Such a system prevailed in Burma until the late 1950s, and for some years now regional civil administration officials have been appointed according to this north-south system (with the northern "capital" in Mandalay).

Comment: Strange Doings

18. (C) The real size of and motivation behind this apparently genuine move of the capital will become clearer as time goes on. There could be linkages to the SPDC's strong-arm constitutional convention and election expected in the next year or two. There could even be truth to ideas that paranoia and fear of a sea invasion are driving the decisionmaking -- though we are doubtful of this. In any case the Senior General's secretive, but apparently comprehensive, plan offers further evidence of his growing megalomania and of the lengths to which he will go to ensure power remains with him and his hand-picked followers. End comment.
McMullen